



Congresswoman Susan A. Davis

Serving California's 53rd Congressional District

The American Recovery and Reinvestment Act

Business Tax Relief

The Act contains Business Tax Incentives to help small businesses invest and create jobs in the private sector (\$76 billion in 2 years).

- **Bonus Depreciation:** Helps businesses quickly recover costs of new capital investments by extending the increased bonus depreciation for businesses making investments in new plants and equipment in 2009.
- **Buying Back Debt:** Provides assistance to companies looking to reduce their debt burdens by delaying the tax on businesses that have discharged indebtedness, which will help these companies strengthen their balance sheets and obtain resources to invest in job creation.
- **Small Business Expensing:** Spurs small business investment by extending increased small business expensing, which doubles the amount small businesses can immediately write off for capital investments and purchases of new equipment made in 2009 from \$125,000 to \$250,000. This write off phases out completely for investments over \$800,000 (up from \$500,000).
- **Small Business Loss Carrybacks:** Increases cash flow for small businesses by providing a 5-year carryback of net operating losses (NOLs). This would allow small businesses (with gross receipts of less than \$15 million) to write off losses incurred in 2008 against taxes assessed over the previous five years (current law limits NOL carryback to the previous two years).
- **Small Business Investment:** Spurs investments in small businesses by cutting the capital gain tax (by increasing from 50 percent to 75 percent the capital gains that are excluded from tax) for investors in small businesses who buy stock (in the next two years) and hold it for more than five years.
- **3% Government Withholding:** Delays the mandate that federal, state, and local governments withhold 3 percent of payments to businesses for goods and services, which is supported by the National Small Business Association.
- **Jobs for Unemployed Veterans or Youth:** Encourages new job creation with business tax credits for hiring recently discharged unemployed veterans and youth that have been out of work and out of school for the 6 months prior to hire.

Questions or Help

IRS: 1-800-829-1040

IRS Telephone Assistance for people with hearing impairments: 1-800-829-4059 (TDD)

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